



# Iowa Department of Human Services

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Director

## INFORMATIONAL LETTER NO.1800-MC-FFS

**DATE:** June 1, 2017

**TO:** Iowa Medicaid Providers Billing on CMS 1500 Claim Forms (Excluding Ambulatory Surgical Centers, Federally Qualified Health Centers, Indian Health Service Providers, and Rural Health Clinics)

**APPLIES TO:** Managed Care (MC) and Fee-for-Service (FFS)

**FROM:** Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

**RE:** Site of Service (SoS) Differential

**EFFECTIVE:** July 1, 2017

**\*\*\*This letter replaces Informational Letter No. 1190 issued January 1, 2013\*\*\***

The state fiscal year (SFY) 2018/19 Human Services appropriations bill (House File 653), included a number of legislatively mandated cost-containment initiatives. One such initiative requires DHS to adjust the Iowa Medicaid reimbursement rates for physician services, by applying a SoS differential to reflect the difference between the cost of services when provided in a health care facility setting and the cost of services when provided in an office setting.

The changes will be effective for services on or after July 1, 2017, for Medicaid FFS and IA Health Link (MCO) claims.

SoS payment differentials will be applied to claims paid under both Medicaid FFS and IA Health Link, by the MCOs. The SoS differential will be applied to those Current Procedural Terminology (CPT)/Healthcare Common Procedure Coding System (HCPCS) codes that Medicare has determined to be eligible for SoS payment differentials under that program. The SoS differential payment percentages will be based on the same percentage that Medicare applies for each applicable CPT/HCPCS code. Iowa Medicaid will identify the SoS payment differential amounts with pricing factor code "X" shown on the [Fee Schedule](#)<sup>1</sup> on the DHS web page. The SoS differential will apply to the following Places of Service (POS), as are to be noted in Box 24b, of the CMS-1500 claim form:

- 02 – Telehealth
- 19 – Outpatient Hospital-Off campus
- 21 – Inpatient Hospital
- 22 – Outpatient Hospital-On campus
- 23 – Emergency Room-Hospital
- 24 – Ambulatory Surgical Center

<sup>1</sup> <http://dhs.iowa.gov/ime/providers/csrp/fee-schedule>

- 26 – Military Treatment Center
- 31 – Skilled Nursing Facility (SNF)
- 34 – Hospice – for inpatient care
- 41 – Ambulance – Land
- 42 – Ambulance – Air or Water
- 51 – Inpatient Psychiatric Facility
- 52 – Psychiatric Facility – Partial Hospitalization
- 53 – Community Mental Health Center
- 56 – Psychiatric Residential Treatment Center
- 61 – Comprehensive Inpatient Rehabilitation Facility

All other current rules for pricing still apply, such as claims billed with modifiers that reduce payment.

### **Background**

Informational Letter 1190, issued November 30, 2012, which is now being replaced by this letter, communicated that the legislature directed the department to apply the SoS differential in a manner that does not exceed \$1 million in medical assistance program cost savings annually. To comply with that legislative directive, the IME reinstated the SoS differential action for claims with dates of service from January 1, 2013, through June 30, 2013. Prior to this change and effective April 25, 2012, the legislature nullified the application of the SoS differential, originally mandated by the Legislature in the 2011 session and which originally became effective September 1, 2011.

The IME appreciates your continued partnership as we work to improve the claim processing service quality and accuracy. If you have questions, please contact the IME Provider Services Unit at 1-800-338-7909 or email at [imeproviderservices@dhs.state.ia.us](mailto:imeproviderservices@dhs.state.ia.us).